

IDEOLOGY : THE EMERGENCE OF INTERNATIONAL BIMETALLISM AND FREE SILVER

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Ideology, 1873-1879

GROUPS AND RHETORIC, 1873-1879

Thank heaven, John Sherman told the Senate on January 16, 1874, that the world understood political economy. Of its certain and axiomatic truths,

The most obvious ... is that a specie standard is the best and the only true standard of all values, recognized as such by all civilized nations of our generation, and established as such by the experience of all commercial nations that have existed from the earliest period of recorded time.... This axiom is as immutable as the law of gravitation or the laws of the planetary system, and every device to evade it or avoid it has, by its failure, only demonstrated the universal law that specie measures all values as certainly as the surface of the ocean measures the level of the earth. It is idle for us to try to discuss with intelligence the currency question until we are impressed with the truth, the universality, and the immutability, of this axiom.

For all the change that had taken place in his rhetoric, Sherman might as well have been back at the Hotel of the Tuileries Gardens in the summer of 1867, writing to Samuel Bulkley Ruggles that the gold standard should be adopted all over the world. Nor was Sherman alone in this. Much of the rhetoric of civilization, law, and producerism that was evident on every monetary issue during the period of tranquillity survived the Panic of 1873 and the subsequent depression. In 1876 John Stuart Mill and Adam Smith still topped the political-economic best-seller list. American academic political economy did not discard the “axiomatic” policies of free trade and gold monometallism after 1873, but rather, if anything, embraced them all the more fiercely.

The different thing about the new period was the growing disparity between rhetorical certitudes and the possibilities of actualizing them. Rhetorical terms that earlier provided common ground among groups seemed to take on narrower meanings, which narrowed their usefulness as social bonds. By the time the period of stress closed, the value and interest systems of the pre1873 period had disappeared forever. The seeds of the new arrangement lay in the crevasses of the

earlier one, but it took the depression, together with the crisis in silver, to nourish these seeds to bitter and stunted fruit.

In the 1865-73 period the terms “civilization,” “law,” and “producer” provided a rhetorical ground acceptable to many ideological, economic, and other interest groups. With differing emphasis, these terms appeared in the phraseology of gold monometallists and greenback advocates alike. Although greenbackers spoke of “the laws of political economy” less often than they talked of the “producing classes,” and although gold monometallists harped more on natural law, both sides shared those terms, as well as others such as “harmony,” “science,” “progress,” and “civilization.” After 1873, differences in emphasis became differences in dogma. Terms formerly shared tended to become one group’s exclusive property : “law,” for example, became more and more identified with classical and liberal economics and was appropriated by bullionists, while “producer” came more and more to mean “farmer.”

“Civilization” occasionally appeared in paper money ideology, particularly among advocates of Henry C. Carey’s principle of association. But Careyism itself lost much support after 1873, especially among manufacturers, as Carey, William D. Kelley, and others of the school took a more radical monetary position. While Carey considered the greenback and the silver dollar to be “instruments of association” and therefore aids to a good society, James A. Garfield thought civilization could not exist without hard money. Paper-money men deny the universality of economic science, said Garfield ; they say each nation has a unique political economy ; they claim foolishly that a government stamp can confer value. To the future President and to the majority of other people who used the rhetoric of “civilization,” such views were absurd. (Careyites in turn accused Garfield of inflicting “unparalleled sufferings” by his hard-money policy.) At the Paris Conference of 1867, delegates connected gold with civilized (especially Christian) nations, silver with barbarous (especially Asiatic) ones. They continued to do so after 1873. The silver dollar was scientifically

degenerate, in the opinion of gold monometallists. Although bimetallicists, even of the most conservative kind, tried to relieve silver of the stigma of “barbarism,” they could neither do so nor convince groups raised on *laissez faire* liberalism that governments could play a legitimate role in monetary policy.

“Law” and “civilization” were becoming the property of a party, liberal and bullionist, which crossed national boundaries. Scientific and governmental agencies still worked toward a worldwide metric agreement, but in spite of its “simplicity and perfection,” some Americans thought it of “doubtful expediency” to separate from the “English-speaking peoples in this matter.” This was hardly the spirit of 1867.

Meanwhile, as “civilization” and “law” became simply the shrill slogans of rigorous bullionists, a greenback-labor spokesman excommunicated manufacturers from the “producing classes.” On both sides of the money question, people no longer sought harmony on common rhetorical ground, but were laying exclusive claims to terminological weapons.

The period after 1873 brought changes not only to rhetoric, but also to monetary ideology. The major change was that bimetallicism came to America. It was curious who accepted it, and how.

The ideology of gold monometallism did not change in theory very much from the pre-1873 to the post-1873 period, but it did undergo significant shifts in emphasis, acceptance, and relation to other ideologies. Under the impact of the economic crisis, its adherents grew fewer. Those who continued to maintain it tended either to regard bimetallicism (but not paper money) more benignly or else to cling to their monometallism more rigidly and exclusively than ever. No longer were they optimistic about their ideas being adopted by all the world’s monetary policy-makers ; during the depression, even the staunchest monometallist realized that their doctrine had become inopportune.

Gold monometallism, of course, was one particular type of bullionism. In the sixties, especially in Britain, Germany, and the United States, it was virtually the only type. Silver seemed less “civilized,” subject to fluctuation, impossible to keep in circulation, less noble, and less intrinsically valuable than gold. After 1873, some monometallists began to admit that silver might possibly have some valid monetary functions. This new attitude was particularly noticeable among British monometallists, who were beginning to doubt the desirability of a universal gold standard. In 1877, Professor Jevons still looked forward to international coinage unification on a gold basis, and still disliked the idea of an international bimetallic agreement on the usual grounds that to return to silver was uncivilized and unprogressive, that there was plenty of gold in the world for international coinage, and that silver would continue to cheapen. But Jevons did admit to one bimetallic argument, urged by Louis Wolowski and Henri Cernuschi, that the double standard spread fluctuations of supply and demand over a larger area. For such a deep-dyed monometallist, this was a noteworthy admission. Monometallists were seldom able to break free of the notion that two standards meant two fluctuating value levels, a situation economically anomalous and commercially inadmissible, so it seemed. As Congressman Samuel Hooper had said in 1872 of Ernest Seyd’s *idée fixe*, “As for the principle of the double valuation, I do not understand it.” After 1873, some monometallists retreated from the position that gold was the only adequate standard, everywhere and eternally. Walter Bagehot never swerved from his belief that monometallism was the best system in theory and the best one for England, but even he, in September 1876, realized that “there may be some difficulty in getting the gold for so many [nations] very rapidly,” and he then viewed with equanimity the reversion of the United States to a silver standard.

In America, however, certain prominent gold monometallists simply restated their commitment more unequivocally than ever after 1873, in an attempt to club some sense into a refractory and benighted public. Simon Newcomb wrote testily in 1878, that “Every man of

intelligence knows that the coined money of all nations is worth only the gold which is in it.... The stamp of Government goes for absolutely nothing, except as a certificate of the weight and quality of the metal.” Newcomb condemned silver and any form of “depreciated currency” with a host of arguments, just as he had in the mid-sixties : the silver dollar had not been used for forty years ; “to revive it would be simply taking the cast-off money of Germany”; gold was “immensely better” and silver “too cumbrous” for large transactions ; cheaper currency violated contracts ; it enriched speculators ; it fostered extravagance ; it worsened the evils it was meant to prevent, by raising interest rates ; it meant government interference with value, because “it is not the party which issues, but [money’s] *quantity*, and the prospect of its *redemption*, which determines its value.” Albert S. Bolles did not want any mere government to undertake the “delicate duty” of setting a bimetallic ratio, and the *Banker’s Magazine* called the silver demonetization of 1873 a liberal measure, since it restored one more power to “nature” that had been usurped by interfering governments.

Liberalism was becoming crabbed. Appropriated more and more by bullionists, especially gold-monometallist bullionists, it was beginning to be expressed in language redolent of what a later day would call arch-conservatism. Government interference was bad, *laissez faire* (in trade and money) was good, natural laws were ineluctable. The familiar late nineteenth-century amalgam of classical economics (at its gloomiest), rigorous morality, and mechanistic determinism was emerging clearly in the pronouncements of the liberal monometallist group in the late seventies, in tones quite different from its internationalistic and progressive emphasis of a few years before. Very unfortunately, what now seems so obviously a narrow, blinkered, class-derived system of social analysis and policy successfully attached to itself the sanctions of social responsibility. Because of that attachment, to overthrow the policy (which happened early in the twentieth century) meant threatening to overthrow its social matrix as well.

The mixture of gold monometallism, liberalism, and class preservation was very clear in the writings of David A. Wells and Edward Atkinson, two New Englanders whose epistolary tirelessness was matched only by the rigor of their social and financial outlook and the aura of respectability with which they surrounded it. To judge from the surviving manuscript collections, no public figure of any stature escaped a correspondence with these two liberal crusaders. As Congressman Abram Hewitt once said in the late seventies while chairing a hearing, “Mr. Wells is an authority whom we all read.” Wells hated high protective tariffs and inconvertible paper currency. Cobden was a master thinker, Henry C. Carey a charlatan. The United States must, he exhorted, return quickly to “that fundamental principle of every truly free government, namely—non-interference to the greatest extent possible with the freedom of the individual.” As for money, righteousness was obvious :

If man refuses to produce the metal best adapted to his wants, and persists in producing another, ill-adapted to his wants, by an artificial, bi-metallic standard, he makes warfare upon the beneficence of the Almighty. Therefore the conclusion :—that the adoption of a bi-metallic standard is a violation of the natural laws of supply and demand, and an attempt to provide for the survival of the unfittest.

Edward Atkinson agreed, and called the prevailing legislative interference, which kept the country from the natural and efficient gold coin basis, socially criminal. The attempt “to reconstruct society by statute methods, under the assumption that a higher power has not so ordained the laws by which society itself exists,” among which was gold monometallism, was the chief cause of conflict between labor and capital, the two forces that combined in the productive process. Atkinson’s version of “producerism” was very similar terminologically to that of the National Labor Reform party, but his inclusion of Vanderbilt, the railroad builder, among “producers,” a man reviled elsewhere as a monopolist of the worst sort, is a measure of the flaccidity of producerism. In Henry Varnum Poor, who was so far to the

right as to consider Ricardo, Adam Smith, and J.S. Mill soft on greenbacks, monometallism reached the brink of ideological insanity. But monometallism nevertheless remained respectable and influential, not only among policy-makers but also among “orthodox” commentators.

The great change after 1873 regarding monetary ideologies in America was the advent and spread of bimetallism. Newcomb, Wells, Atkinson and others clung stubbornly to monometallism, but many people used silver’s bullion basis as a bridge to a less rigid position. By 1879, a considerable number of Americans, some as respectable as any monometallist, had espoused bimetallism and offered it as the only safe, scientific, suitable solution to the monetary difficulties of America and the world.

Since bimetallism placed the source of money and value in precious metals, it could utilize the same bullionist arguments that supported gold monometallism, which made it much tougher than greenbackism to attack successfully. Whatever was said in favor of the gold standard about “intrinsic value,” tradition, universal acceptability, and indestructability could be said also for the double valuation, and in the version known as “international bimetallism” it could even claim to resist inflation and stabilize values as well as gold.

The bimetallist rubric, however, covered two ideologies that were very different. One, “free silver,” attracted greenbackers. The other, “international bimetallism,” attracted monometallists. It held that the monetary standard of the world ought to consist of both gold and silver, but the ratio between the two metals had to be stabilized by an international agreement. While the world would thus avoid destroying “half its money stock” through demonetization, it would also avoid, through the internationally-agreed-upon ratio, serious fluctuations between the two metals (specifically, the falling price of silver in terms of gold) that had become a plague in the seventies. The international bimetallists in effect admitted that uncontrolled drops in silver prices

wrecked trade and existing contracts so long as the silver price was uncontrolled, but at the same time they believed that demonetizing silver and thus raising gold values and benefiting creditors immensely was a worse evil.

The great objection to international bimetallism, from the *laissez faire* gold-standard point of view, was that it involved “legislative interference”; the pegging of silver by means of a gold-silver ratio set not by “natural forces” but by a treaty. The bimetallist answer to this was that silver demonetization was itself a legislative infringement with the traditional, natural monetary order.

Europe had listened for years to international bimetallist pleas, both from politicians and financiers, and from men like Louis Wolowski in France and Ernest Seyd in England who were involved in practical finance and who also leapt frequently into print. Seyd was the outstanding, and almost the only, bimetallist writing in English, but he made up in quantity what he lacked in companionship. After 1873, as Seyd watched silver fall and depression spread, he believed that all his jeremiads of earlier years were being borne out. In a spate of pamphlets and books published through the middle and late seventies, he hammered home the bimetallist gospel again and again. Seyd believed that “The true cause of the abnormal depression of trade is the contraction of the metallic currency by ‘human’ law, the so-called ‘demonetization of silver.’ ”

Speaking from nineteenth-century liberal premises, Seyd said that gold monometallism defied natural law, since it upset the forces of nature by “an actual law in the legislative sense, which forcibly restricts the use or demand, and deliberately deteriorates the quality, of silver coin.” Speaking in tones reminiscent of American inflationists, he accused “a large party in the United States,” whose influence on government was sizable, of deliberately manipulating the money stock to speculate and realize “prodigious fortunes” on fixed contracts. These capitalists, however, would eventually “suffer enormous losses” as

debtors were forced to default. Seyd pointed out, as few American inflationists had the wit to do, that a creditor frequently lent money more than once, and if a creditor received lower-valued money in one transaction he was perfectly free to lend it again on the same terms on which a debtor repaid him. Bimetallism was not only natural, but to ignore it was “fatalism and fanaticism,” destructive of civilization.

Nevertheless, Seyd admitted, any attempt by a single nation, even one as large as the United States, to adopt bimetallism without an international stabilizing agreement, would be a failure. He was no free-silverite. Seyd wrote the United States Monetary Commission in 1876 that if such agreement could not be had, America for her own protection should “adopt the gold valuation,” through regrettable necessity.

Seyd argued the international-bimetallist case, and refuted monometallism, brilliantly. The bullion basis of money ; the social necessity of a large quantity of money ; the benefit to civilization and all social groups, creditor and debtor alike ; the correspondence with natural law, free from legislative interference ; the absolute necessity of an international agreement on a bimetallic ratio : this was Seyd’s, and many international bimetallists’, creed.

After 1873 the sect began to grow. The Belgian economist Emile Laveleye, who in 1867 had said that “the double standard is a counter-truth, it is unceasingly demented by the nature of things,” and who then lauded the search for international gold coinage on the gold basis as a reform equivalent in progressiveness to the railroad and the telegraph, by the mid-seventies was just as avidly calling for international bimetallism. Laveleye suspected, however, as Seyd certainly did not, that political economy was not an exact science. Laveleye was almost unique for that day in his denial of natural laws and in his criticism of Walras, Jevons, and other economists of the “mathematical school,” together with classical economists from Smith to Bastiat, who “have remained in subjection to the ideas of physiocratic optimism” prevailing in late eighteenth-century France and England. For Laveleye,

bimetallism was sufficiently justifiable in that its expansion of the quantity of money was extremely desirable socially. The productive enterprise of debtors was always to be preferred to the unproductive accumulation of the creditor class ; “The adoption of gold as the exclusive money is . . . an antidemocratic and an anti-economic measure, since it favors the bondholder at the expense of labor, idle capital at the expense of active capital.” An increased quantity of money would lower interest rates much faster than it would raise prices, and this was socially good.

Not suprisingly, Laveleye found much to praise in the speeches of William D. Kelley. Between the social philosophy of the Belgian bimetalist and that of Henry C. Carey, and indeed perhaps even the *Workingman's Advocate*, there was not much to choose. Yet Laveleye was not a greenbacker, and in policy matters he was no more “radical,” i.e., shaky about bullionism, than Seyd.

Seyd rested his bimetalism on a heavily classical-economic rationale, while Laveleye's doctrines had much in common with the burgeoning “historical school” of political economy then growing up particularly in Germany but which corresponded at many points with American Careyism. Perhaps bimetalism's attractiveness in the seventies, and in later decades when it became increasingly popular, derived from this ability to draw upon more than one system of political economy. At any rate, the emergence in the seventies of alternatives to classicism, and the persistent popularity in America of Carey's teachings together with Carey's own silverite-greenback proclivities in the years preceding his death in 1879, helped to spread bimetalism in both the international and the free-silver versions. Louis Wolowski, in spite of his classical leanings, translated into French the *Principles of Political Economy* of Wilhelm Roscher, the leader of the historical school in Germany, and a bimetalist. William D. Kelley visited Bismarck in 1879 and found the Iron Chancellor (by then) a sympathetic listener to Careyite doctrines. Kelley reported that Carey and his disciples were having great influence in Germany, Italy, and Austria. In those countries,

Kelley snorted, to be a bimetallist and protectionist did not suffice, as it did at home, to tar him with the same brush as “inflationists, swindlers, and repudiators.” Bimetallism seemed to be gaining in Britain and Holland, notably among commercial and manufacturing groups. Gold monometallism was losing ground all over Europe to this new viewpoint which appeared to be so socially and economically supportable.

In the United States, international bimetallism began to appear as a serious alternative to gold monometallism shortly after the post-1873 crisis began. There, it was principally the classical rather than the historical version that seemed to attract a following, probably because classical economics was so deeply imbedded in academia, in the press, and in the minds of policy-makers. The historical version, insofar as it existed in America, too easily slipped over into free-silver advocacy or even greenbackism and ceased to be “international” in any significant way. There were positions on the left of international bimetallism in the United States, but in Europe there were not, except for certain radicalisms.

The remarkable thing about American international bimetallism, in fact, was its conservatism. Its political-economic roots were classical, very much like those of gold monometallism. On policy questions its adherents demanded an international bimetallic agreement as a *sine qua non* of silver remonetization, and carefully separated themselves from free-silverites or greenbackers who wanted to expand the currency “irresponsibly.” It gradually attracted the kind of support that a few years before would have gone to gold monometallism—liberal, often Northeastern, theory—susceptible people—who by the mid-seventies found straight gold monometallism too rigorous and harsh.

This was probably the major ideological development on the hard-money side of the money question over a thirty-year period : international bimetallism was beginning to replace gold monometallism as the “responsibly conservative” monetary ideology in the United States. The shift occurred between 1873 and 1879. After

that, it was fixed. The Republican platform on which William McKinley ran for President in 1896 was to be international-bimetallist, not monometallist.

The most able systematic expressions of international bimetallism in the United States came from S. Dana Horton, a son of an anti-greenback Civil-War Congressman from Ohio, and Francis Amasa Walker of Massachusetts, a kinsman of the author of the *Science of Wealth*, a Civil War officer, civil servant, and later President of the Massachusetts Institute of Technology. Horton thought that “real money” “must be a commodity ... like all other commodities, subject to fluctuations of supply and demand,” and Walker believed that the best money “is a money the supply of which is determined by the cost of its production.” This let out paper, and let in silver. For both men the demonetization of silver unfairly changed the terms of all existing contracts, to the undeserved benefit of creditor interests and the discouragement of productive enterprise. Like Ernest Seyd and French conservative bimetallists such as Wolowski and Henri Cernuschi, Horton and Walker looked upon inflation of a very moderate sort as acceptable, deflation a thorough evil, and stability in monetary values the ideal : deflation resulting from gold monometallism penalized production ; rapid inflation resulting from depreciated paper money “bewilders the economic sense of the community, generates a morbid appetite for further issues, excites speculation, discourages steady industry, and leads ultimately to misery and shame”; but “a moderate and gradual metallic inflation,” the product of bimetallism, was good. Walker even found support for his position in utterances of Jevons, Bagehot, Chevalier, and David Hume, and Horton backed his case with Walras, Soetbeer, and Esquirou de Parieu as well—so transferable were bullionist premises.

Both Horton and Walker saw an international agreement on the gold-silver parity ratio as absolutely essential. Locke, Adam Smith, and Ricardo had rejected bimetallism because in their days such an agreement was out of the question, but today, Horton and Walker said, it

was not only possible but necessary. In France, Wolowski and Cernuschi advocated it, in Belgium Malou and Laveleye, in England Seyd and “the Liverpool writers” (some connected with the Liverpool Chamber of Commerce), and in the United States, themselves, B.F. Nourse, and George Walker. Francis Walker might also have mentioned Congressman W.S. Groesbeck of Ohio and a Virginia federal judge named Robert W. Hughes, “a follower of Cernuschi and Leon Say, and not of Mr. Bland and Senator Jones,” and a growing horde of pamphleteers and journalists to whom the bimetallic standard sanctioned by international agreement was the safe and sure road to monetary stability.

International bimetallism achieved its cachet of respectability when the *Banker's Magazine* opened its columns to it from mid1876 onward. For more than a year, the *Magazine* published articles on both sides of the issue, from Cernuschi, Laveleye, Withelm Roscher, Jevons, and the Anglo-German liberal, Prince-Smith, and its editorial position and the prominent display it gave to bimetallist articles by George M. Weston and George Walker leave no doubt of its bimetallist sympathies. Silver, said Weston, was a “beneficence of nature”; a writer signing himself “Argonaut” warned that to reduce silver to a mere commodity “double[d] the power of capital, a power that already is uncontrollable”; silver was the standard of the Constitution. George Walker, a Massachusetts country banker who a decade earlier had praised McCulloch for contracting the greenbacks, advocated international bimetallism as the steadiest basis for money, since “natural law ... tends to restore the equilibrium [between the metals], whenever it is anywhere disturbed.” The gold monometallism advocated by the American Association for the Advancement of Science was unsound, because in concentrating on the putative fall in the value of silver, it ignored the rise in the value of gold. The *Banker's Magazine* was one of the very few places where this idea was mentioned, other than in the speeches of inflationist politicians.

The international bimetallist legions grew in 1877 and 1878. A prominent geologist avowed in the *Atlantic Monthly* that mining technology demanded that gold never be “trusted out of the company of its steadier-gaited companion,” and a New York merchant told a Congressional committee that silver as well as gold was “God’s money” and that “the harmony of the social universe cannot be maintained without both.” By that time the bimetallist throng included the Boston Board of Trade, which memorialized Congress to institute an international conference to maintain silver.

Even Samuel Bulkley Ruggles and John Sherman were talking like bimetallists. Ruggles still thought bimetallism was a “logical absurdity,” but he understood himself to be in agreement with Cernuschi in calling for an international conference to place the gold-silver parity ratio closer to the market ratio. (He had thundered against that same idea in 1867.) Sherman began to advocate what he called “limited bimetallism,” a policy whereby silver would be coined in small amounts under strict supervision, if possible at an internationally-agreed-upon-ratio. With such recruits as these, and in view of the justification given bimetallism by Horton, Francis Walker, and the *Banker’s Magazine*, international bimetallism was clearly becoming the “new conservatism” of the late seventies. Some contemporary observers recognized this, and suspected it.

By mid-1877, it seemed to George Weston that the proposal of an international conference to set a bimetallic ratio was simply a device to prevent any kind of bimetallic threat to the gold standard from ever occurring. Cernuschi had visited the United States shortly before, and the gold monometallists embraced him ; “Public bodies, including Chambers of Commerce of great cities, fresh from denunciations of silver as a robbery of creditors, warmed up with a safe zeal to remonetize it in concert with European nations, which were only too well known to be opposed to it.” Was this true ? It can never be known how many “international bimetallists” were simply the shrewder wing of the gold-standard group. It is extremely unlikely that Horton and

Walker used bimetallism as a blind, and practically inconceivable that Seyd or Wolowski did. But any truck with bimetallism from Ruggles and Sherman was startling. In the final analysis, however, aside from the mental or moral acrobatics in which its adherents involved themselves, the ideology of international bimetallism to a very large extent provided nervous monometallists with a more comfortable and slightly novel, but otherwise not very radical, ground to occupy.

“Free silver,” the other kind of bimetallism, was an entirely different matter. Though it was hard to justify theoretically, and was far less conscious of monetary considerations that were other than immediate and domestic, free silver gained a huge following. While international bimetallism was replacing gold monometallism as the chief right-wing stance on the money question, free silver began to replace greenbackism as the new leftism.

Free silver meant simply the reinstatement of the silver standard in America, specifically by authorizing again the coinage, without statutory limit on amount (hence “free”) and with full legal-tender power, of the old silver dollar of 412½ grains. Like greenbackism, free silver was an inflationary monetary device, but it was more attractive than greenbackism to many people who could not conceive of money not having a bullion basis. Conversely it was more frightening to gold monometallists and international bimetallists than greenbacks ever could be, because, since it was already specie, it could never be restored through a specie resumption to a parity with gold. Free silver nullified the resumption of specie payments, and therefore the whole structure of American financial policy since the Civil War, far more crushingly than greenbacks. Without international agreement on a bimetallic ratio, and to some minds, regardless of any such agreement, silver freely coined would drive gold out of circulation as long as silver’s market price remained considerably below the legal ratio. The country would in practice go on the silver standard, and would thereby place itself at the mercy of foreign creditors who demanded payment in gold, while

domestic creditors would be forced to accept payment in currency of less value than that which they had lent.

To its advocates, however, the practical need for more currency more than justified risking these theoretical ills. Probably, they said, remonetizing silver would actually create sufficient new demand to raise the silver price back to par. Many of them argued that it had been legislative interference, through demonetization, that had wreaked such havoc with silver prices to begin with ; restore the traditional standard, and values would take care of themselves.

A full-blown ideology of free silver, comparable in analytic formality to gold monometallism or international bimetallism, did not really exist. But the absence of a Chevalier or a Newcomb, a Seyd or a Horton, who would construct a logical political-economic theory of free silver, handicapped the spread of the doctrine not at all. One of its great advantages, in fact, was its, ability to draw on classical themes in support of its bullionism, on tradition in support of the double standard, and on Careyite producerism in support of its inflationary tendencies and its economic nationalism. Thus it could go international bimetallism one better since it could restore silver and revive the economy without waiting interminably for an international agreement, and on the other hand it could claim, as greenbackism could not, that it was a traditional and “American” system, resting on a metallic base as good money really should.

Another of free silver’s advantages was its ability to attach to itself the quality of emotion and crusade. Not only did it share with other monetary ideologies deep-running currents connecting monetary policy, political economy, and moral philosophy ; it also aroused moral indignation, stemming from the shock and anger that gushed forth when people suddenly grasped that America’s traditional bimetallism had been quietly done away with in the Coinage Act of 1873. That Act was hardly a secret to monetary experts or to those directly concerned with the making of monetary policy. To the mass of people, however,

ostensibly including legislators who took part in it such as Kelley and Senator Stewart of Nevada, the implications of the standards change only became visible after silver fell in price and rose in availability. Since Sherman, Hooper, Knox, and the others most responsible for the Act had not taken great pains to point out what would happen if and when silver fell, the Coinage Act of 1873 very easily became the "Crime Of '73." On top of all this, economic distress did its usual work of fraying tempers and provoking anxiety. It seemed obvious to many people that the way to cure depression was a strong, quick dose of inflationary medicine. Resistance to some sort of inflation, and insistence on specie resumption, struck them as mad. Just when the country most needed monetary relaxation, it had apparently been gypped of its traditional silver standard. This, to an age that believed the quantity of money to be the axis of economic values anyway, made it almost inevitable that free silver would become the great weapon of a holy war.

The battle became most intensely joined between free silverites and conservative bullionists (mono- or bimetallist) over the issue of creditor-debtor relations. Free silver, more than greenbackism, flaunted inflationism like a red flag at ideological groups which had been insisting for many years, since long before the Public Credit Act, that the most sacred moral obligation of government and private persons was the repayment of creditors in full, i.e., in gold. The free silverites and greenbackers were perfectly willing to agree that creditors should receive their just due, but they objected strenuously that this meant payment on the gold standard. As in so many aspects of the money question, principle and morality were not in question, but rather the application of them. Gold monometallists and conservative bimetallists insisted even more frantically than they had in 1868-69 that to pay public debts other than in gold was to change the terms of bond contracts to the benefit of debtors and to the defrauding of creditors. Either greenback or silver payment meant payment in money of lesser value than that which had been lent. Free silverites, precisely to the contrary, claimed that payment according to a monetary standard different from

that which obtained at the time of the contract (and of course the 1873 Act had indeed changed the legal standard) meant changing the contract to the benefit of creditors and the defrauding of the tax-paying debtors.

There was some truth on both sides. The Funding Act of 1870 made coin payment of bonds the letter of the law, and the Coinage Act of 1873 translated “coin” into “gold”; despite the wailing of silverites, these two laws were irreversible historical facts, and the post-1870 bondholder, at least, would have some grounds for complaint if the country reverted to bimetallism. But the silverites argued that if the monetary standard could be changed by a law, then another law could change it back again, and if debtors could not complain the first time around, creditors could not validly complain the second time.

The impasse could only be solved by a negotiated compromise or by completely changing the terms of the controversy away from the centrality of the monetary standard. But the ideology of free silver, because it helped to perpetuate the notion that money had to have a metallic base, made the latter alternative less likely.

Paper money still had its advocates in the 1873-79 period, and at certain moments they seemed closer to triumph than ever before. In the form of national bank notes, of course, paper money had an assured future ; no one considered them a bar to specie resumption. The Currency Act of 1870 and the Free Banking Act of 1874 had regularized them and made them more flexible, and they constituted roughly half of the nation’s circulating currency. An extremist such as Henry Varnum Poor might wish them abolished, but by the late seventies the banks and their note issues were not widely objected to, except by doctrinaire greenbackers.

But their objection was profound. Greenbackers and national bank-note advocates shared almost nothing aside from the belief that paper was an acceptable physical material for currency. Bank note people believed their kind of paper was superior to greenbacks for the very crucial reason that the bank notes were secured and would become convertible into gold at par when specie payments were resumed ; they had, in

effect, an “intrinsic value.” Greenbackers, however, insisted that money was definable not by its form, but by its function : it was pointless, positively bad, to back it up with specie. It was the servant of commerce, not the master, and its form did not matter as long as it performed well as a standard of payment and medium of exchange. Theoretical greenbackism, because it divorced money from any metallic base, was the only really radical monetary doctrine of the time, differing from free silver as much as from gold monometallism.

In the late seventies the Carey school, certain vocal manufacturers such as Peter Cooper, and the greenback-labor group, propagated the idea of separating the form and function of money. One of its clearest statements came from a Grand Rapids furniture manufacturer named William A. Berkey, a self-acknowledged pupil of Carey, Baird, Peter Cooper, and Kelley, and a thoroughgoing exponent of the producer philosophy. Berkey pronounced the separation of greenbacks from any form of bullionism in the most definite terms. “If money possesses an intrinsic, as well as a representative value,” he said, “it is then a commodity, as well as money, and is subject to two different and often antagonistic sets of laws.” But money, to serve its proper functions, needed no “intrinsic or commercial value” at all. “Those who desire to fully understand the money question can only hope to do so by always keeping in view the fact that the great object of commerce and trade is the exchange of property and products, and that money is designed to be simply a tool to accomplish that end.” Greenbacks served that end best. They properly lacked intrinsic value and thus avoided the confusion to which commodity money was always subject, and they had the great advantage over bank note currency of being government issue, not the controlled issue of corporations. They were subject, therefore, only to the public good and the “natural laws which govern trade.” The greenbacker dislike of bank issue derived in part from Jacksonian tradition, but it also rested on a principle : the complete separation they believed essential between the function of money and its metallic form, a property hardly true of bank notes.

One of the great misfortunes of the time was that political and economic pressure obscured this greenbacker insight. Immediate and intense demand for inflation pushed the greenbackers into coalition with the free silverites, and thereby into practical acceptance of a bullion basis for money, at the very time that greenback theory of the separation of the form of money from its function was emerging most clearly. Carey, Kelley, Peter Cooper, and Berkey all applauded the advance of free-silver sentiment, and the ease with which they did so derived from the very fact that production, in their view, was a more basic economic consideration than money. To insist factiously that money should not have a bullion form was far less important than to insist, in company with free silverites, that money in any form should be abundant. When the practical opportunity arose in the late seventies to create an inflationist, producerite coalition, they were perfectly willing to join forces with the free silverites, and to overlook silverite dogmatism such as that of Senator Jones of Nevada, who bluntly demanded that money must have “intrinsic value.” The greenback-laborite scheme of a 3.65 per cent government bond interconvertible with greenbacks, and the low-interest philosophy that lay behind it, was also soft-pedalled just as it was spreading to the more orthodox manufacturer-protectionist wing of the greenback group. The bond plan may not have been a very serious loss. But at least it had been fresh and novel, and as more and more greenbackers gave tactical support to free silver in the late seventies, less and less was to be heard of it or of the insight that **money need not, in fact ought not, be metallic in order to serve society most efficiently**. When this happened, the possibility dwindled that Careyism and producerism could be revamped, and that greenbackism could serve as a bridge in political economy and social self-understanding between nineteenth and twentieth century America.

During the period of tranquillity there were, for practical purposes, two ideological groups in America, the gold monometallists and the greenback paper-money advocates. During the period of stress beginning in 1873, there were four : gold monometallists, international bimetallicists, free silverites, and greenbackers. On the right,

monometallism lost ground to international bimetallism ; greenbackism, on the left, slipped toward free silver. From a strictly theoretical standpoint the struggle thus moved from both extremes toward the center. In practical terms, however, the trend was not toward compromise, but to hand-to-hand combat.